

Committee on the Budget • Majority Caucus U.S. House of Representatives Jim Nussle, Chairman

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Summarizing budgetary issues in legislation scheduled for the House floor

25 October 2005

| Week of | 24 C | ctober | 2005 |
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SUSPENSION CALENDAR

1) Recognizing America's Blood Centers and Its Member Organizations for Their Commitment to Providing Over Half the Nation With a Safe and Adequate Volunteer Donor Blood Supply, and for Other Purposes (H.Res. 220).



This resolution has no budget implications.

2) American Spirit Fraud Prevention Act (H.R. 3675).



This bill doubles the existing statutory civil penalty for a violation involving an unfair or deceptive act or practice in either a national emergency period or disaster period, or relating to an international disaster, if the act or practice exploits popular reaction to the national emergency or disaster. The bill directs the court, in such a case, to hold the responsible person, partnership, or corporation liable for a civil penalty of not more than \$22,000 for each such violation. Although the Congressional Budget Office [CBO] has not provided an official cost estimate for this bill, it is not expected to affect direct spending – spending not subject to appropriations – and is expected to have a negligible effect on revenue (resulting from fines).

3) Recognizing the 40th Anniversary of the White House Fellows Program (H.Con.Res. 269). This resolution has no budget implications.



4) To Designate the Facility of the United States Postal Service Located at 3038 West Liberty Avenue in Pittsburgh, Pennsylvania, as the "Congressman James Grove Fulton Memorial Post Office Building" (H.R. 3256).



This bill does not affect direct spending or revenue.

5) To Designate the Facility of the United States Postal Service Located at 6483 Lincoln Street in Gagetown, Michigan, as the "Gagetown Veterans Memorial Post Office" (H.R. 3368). This bill does not affect direct spending or revenue.



6) Supporting Efforts to Promote Greater Awareness of Effective Runaway Youth Prevention Programs and the Need For Safe and Productive Alternatives, Resources, and Supports for Homeless Youth (H.Res. 484).



This resolution has no budget implications.

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PLEASE NOTE: This document addresses budgetary issues only. It should not be taken to address support or opposition on any other grounds. A green flag indicates no serious budgetary or budget compliance concerns. A vellow flag indicates moderate or potential problems. A red flag indicates serious problems. Also note: Floor schedules and legislative details are subject to change after publication.

This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and therefore may not reflect the views of all the committee's members.

7) To Establish an Interagency Aerospace Revitalization Task Force to Develop a National Strategy For Aerospace Workforce Recruitment, Training, and Cultivation (H.R. 758).



This bill establishes the Interagency Aerospace Revitalization Task Force to develop a strategy for the Federal Government for aerospace workforce development. Although CBO has not provided an official cost estimate for this bill, it is not expected to affect direct spending or revenue.

8) Hurricane Katrina Financial Services Relief Act of 2005 (H.R. 3945). This bill requires Federal Reserve [Fed] banks to waive or rebate any transaction fees for wire transfer services that otherwise would be imposed on any insured depository institution or insured credit union that, as of 28 August 2005, was headquartered in an area designated as a disaster area due to Hurricane Katrina or Hurricane Rita. It provides for flexibility in the application of capitalization and net worth standards to financial institutions who derive more than 50 percent of their deposits from populations normally residing within the qualifying disaster areas. The bill reduces revenue by less than \$500,000 due to lower transfers of the annual Fed surplus to the Treasury. The bill does not affect direct spending.

9) Congratulating the State of Israel on the Election of Ambassador Dan Gillerman as Vice-President of the 60th United Nations General Assembly (H.Res. 368).



This resolution has no budget implications.

10) Supporting the Goals of Red Ribbon Week (H.Res. 485). This resolution has no budget implications.



11) A Bill to Amend the Federal Food, Drug, and Cosmetic Act to Provide for the Regulation of All Contact Lenses as Medical Devices, and for Other Purposes (S. 172).



This bill amends the Federal Food, Drug, and Cosmetic Act [FDCA] to require that the Food and Drug Administration [FDA] regulate all contact lens products as medical devices. The FDA currently regulates all contact lenses as medical devices except for decorative, non-corrective lenses, which the FDA currently regulates as cosmetics. The bill deems all contact lenses to be medical devices under the FDCA. Assuming the availability of appropriated amounts, S. 172 will cost less than \$500,000 annually. The bill does not affect direct spending and could result in a negligible increase in revenue (from potential fines for violations of the new regulation).

LEGISLATION CONSIDERED UNDER A RULE

Federal Housing Finance Reform Act of 2005 (H.R. 1461). Bill:



Committee: **Financial Services**

Summary: As reported, this bill violates the Congressional Budget Act (for the reasons described

> below). The violations can be corrected through a managers amendment, or through a self-executing rule written by the Rules Committee. Section 315 of the Budget Act provides a procedure under which, if the remedy is accomplished through the rule, no

point of order will lie against the legislation.

This bill establishes a single regulator – the Federal Housing Finance Agency [FHFA] – to oversee the safety, soundness, and mission of government-sponsored enterprises [GSEs] involved in the home mortgage market (i.e., the Federal National Mortgage Association [Fannie Mae], the Federal Home Loan Mortgage Corporation [Freddie Mac], and the Federal Home Loan Banks [FHLBs]). The legislation also requires Fannie Mae and Freddie Mac to contribute 5 percent (3.5 percent in 2006) of their after-tax income to new

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Budget Week Page 2 affordable housing funds created by the bill. These funds would be used to provide grants and other types of financial assistance to increase home ownership among low-income households.

Cost:

FHFA is authorized to collect fees from the GSEs and to spend the fees to pay for its operating costs. The amounts collected and spent are recorded in the Federal budget as revenue and outlays, respectively. Also, the collections and spending of the affordable housing funds are recorded in the Federal budget as revenue and outlays. As a result, the committee-reported version of the bill increases direct spending by \$360 million in 2006; \$650 million in 2007; \$680 million in 2008; \$710 million in 2009; and \$750 million in 2010. It increases revenue by \$360 million in 2006; \$590 million in 2007; \$560 million in 2008; \$570 million in 2009; and \$600 million in 2010. A draft amendment submitted by the Financial Services Committee would reduce the cost of the bill during the budget window. If the amendment is incorporated into the bill before floor consideration, the amended bill will increase direct spending by \$200 million in 2007; \$390 million in 2008; \$460 million in 2009; and \$580 million in 2010. It would increase revenue by \$440 million in 2007; \$410 million in 2008; \$580 million in 2009; and \$590 million in 2010.

Budget Act:

As reported, the bill provides substantial increases in direct spending. Because the Financial Services Committee does not have any remaining allocation of direct spending, the reported measure violates section 302 of the Congressional Budget Act.

The budgetary impact of the bill is significant, but the reason for the Budget Act violation is somewhat technical: specifically, to avoid the violation, the bill must offset its higher spending with higher revenue in *each* of the 5 years covered by the budget resolution. The reported bill falls short of this requirement in several years. The proposed manager's amendment modifies the bill such that its revenue increases do match or exceed its spending increases in each year. Section 302(g) of the Budget Act provides that, under these conditions, the above-cited points of order will not lie against the bill.

As noted above, section 315 of the Budget Act provides that if such a remedy is incorporated into the measure through a self-executing rule, no point of order will lie against the legislation. Because section 315 is designed to remedy a violation before a bill reaches the floor, it is the method preferred by the Budget Committee.

Bill: Disapproving the Recommendations of the Defense Base Closure

and Realignment Commission (H.J.Res. 65).

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Committee: Armed Services

Summary: This joint resolution rejects the recommendations made by the Defense Base Closure and

Realignment Commission [BRAC] that call for the closing and realigning of military bases. On 15 September 2005, the President sent the BRAC recommendations to the Congress. The Congress cannot modify the recommendations. If Congress does not pass a joint resolution (which the President must sign to give effect) disapproving the report within 45

legislative days, the recommendations will be adopted.

Cost: The BRAC Commission estimates savings of \$49 billion over 20 years as a result of its

recommendations; the joint resolution rejects those potential savings. The savings, however, are not assumed in the baseline. Therefore, the joint resolution has no cost and

does not affect direct spending or revenue.

Budget Act: The joint resolution does not violate any provisions of the Congressional Budget Act.

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Bill: Lawsuit Abuse Reduction Act of 2005 (H.R. 420).

Committee: **Judiciary**

Summary: This bill amends Rule 11 of the Federal Rules of Civil Procedure to require courts to

> impose appropriate sanctions on attorneys, law firms, or parties who file frivolous lawsuits and to require them to compensate parties injured by such conduct. (Courts currently may, but are not required to, impose such sanctions.) In addition, the bill requires certain personal injury claims to be filed in a court where the person bringing the claim lives,

where the alleged injury occurred, or where the defendant's business is located.

Cost: Under the bill, any monetary sanction imposed under Rule 11 is between the parties to the suit. Thus, the legislation results in no cost or savings to the Federal Government.

H.R. 420 does not affect direct spending or revenue.

Budget Act: The bill does not violate any provisions of the Congressional Budget Act.

Prepared by The Committee on the Budget

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